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STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2001(10)

SPECIAL NOTICE

More 2001 Legislation Affecting the Succession Tax

Purpose: This Special Notice describes legislation that was passed during the November 15, 2001, Special Session of the Connecticut General Assembly delaying the reduction, in increments, and the ultimate repeal of the succession tax for a net taxable estate passing to any Class B or Class C beneficiary.

Effective Date: Upon issuance and applicable as described below.

Statutory Authority: Conn. Gen. Stat. §12-344(d) and (e), as amended by 2001 Conn. Pub. Acts 1, §1 (Nov. 15 Spec. Sess.).

Effect on Each Class of Beneficiary

Effect on Class AA beneficiaries and Class A beneficiaries: The net taxable estate passing to any **Class AA beneficiary** or to any **Class A beneficiary** is and remains exempt from succession tax.

A person is a Class AA beneficiary of the decedent if he or she is the decedent's spouse. The net taxable estate passing to a Class AA beneficiary is and remains exempt from succession tax if the decedent died on or after July 1, 1988.

A person is a Class A beneficiary of the decedent if he or she is the decedent's parent; grandparent; adoptive parent; and a natural or adopted descendant of the decedent, such as a daughter, son, grandchild, or great-grandchild. The net taxable estate passing to a Class A beneficiary is and remains exempt from succession tax if the decedent died on or after January 1, 2001.

Effect on Class B beneficiaries and Class C beneficiaries: The net taxable estate passing to any Class B or Class C beneficiary is affected by the delay in the reduction, in increments, and ultimate repeal of the succession tax.

A person is a Class B beneficiary of the decedent if he or she is the decedent's brother or sister (full or half); a natural or adopted descendant of the brother or sister (niece or nephew related by blood); stepchild; or the spouse or unremarried widow(er) of the descendant's natural or adopted child.

A person is a Class C beneficiary of the decedent if he or she is **not** a Class AA beneficiary, a Class A beneficiary, or a Class B beneficiary. For example, a Class C beneficiary may include the decedent's cousin, uncle, aunt, sister-in-law, brother-in-law, stepbrother, stepsister, or step-grandchild, as well as unrelated individuals and associations or corporations.

The tables that follow take into account the effective tax rate including the surtax under Conn. Gen. Stat. §12-344a(a), the surtax on the sum of the tax, and the surtax under Conn. Gen. Stat. §12-344a(b) applicable to the net taxable estate of a decedent who dies during 2001, 2002, 2003, or 2004 passing to a Class B **or** Class C beneficiary. The tables do not cover the net taxable estate passing to a Class AA or Class A beneficiary, or any transfer to any charitable, literary, scientific, historical, religious, or government-related organization. Transfers from an estate of a decedent to any charitable, literary, scientific, historical, religious, or government-related organization are exempt from succession tax.
Conn. Gen. Stat. §12-347(a).

Tax Table for Estates of Decedents Dying During 2001

Class AA. Exempt				
Class A. Exempt				
Class B. (Total exemption for class (\$600,000) is included in table)				
If net taxable amount passing to Class B is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$600,000	\$0	-----	-----
600,000	1,000,000	0	12.87%	\$600,000
over 1,000,000	-----	51,480	14.30%	1,000,000
Class C. (Total exemption for class (\$200,000) is included in table)				
If net taxable amount passing to Class C is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$200,000	\$0	-----	-----
200,000	250,000	0	14.30%	\$200,000
250,000	400,000	7,150	15.73%	250,000
400,000	600,000	30,745	17.16%	400,000
600,000	1,000,000	65,065	18.59%	600,000
over 1,000,000	-----	139,425	20.02%	1,000,000

Tax Table for Estates of Decedents Dying During 2002

Class AA. Exempt				
Class A. Exempt				
Class B. (Total exemption for class (\$600,000) is included in table)				
If net taxable amount passing to Class B is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$600,000	\$0	-----	-----
600,000	1,000,000	0	12.87%	\$600,000
over 1,000,000	-----	51,480	14.30%	1,000,000
Class C. (Total exemption for class (\$200,000) is included in table)				
If net taxable amount passing to Class C is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$200,000	\$0	-----	-----
200,000	250,000	0	14.30%	\$200,000
250,000	400,000	7,150	15.73%	250,000
400,000	600,000	30,745	17.16%	400,000
600,000	1,000,000	65,065	18.59%	600,000
over 1,000,000	-----	139,425	20.02%	1,000,000

Tax Table for Estates of Decedents Dying During 2003

Class AA. Exempt				
Class A. Exempt				
Class B. (Total exemption for class (\$1,500,000) is included in table)				
If net taxable amount passing to Class B is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$1,500,000	\$0	-----	-----
over 1,500,000	-----	0	11.44%	1,500,000
Class C. (Total exemption for class (\$400,000) is included in table)				
If net taxable amount passing to Class C is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$400,000	\$0	-----	-----
400,000	600,000	0	17.16%	\$400,000
600,000	1,000,000	34,320	18.59%	600,000
over 1,000,000	-----	108,680	20.02%	1,000,000

Tax Table for Estates of Decedents Dying During 2004

Class AA. Exempt				
Class A. Exempt				
Class B. Exempt				
Class C. (Total exemption for class (\$600,000) is included in table)				
If net taxable amount passing to Class C is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$600,000	\$0	-----	-----
600,000	1,000,000	0	18.59%	600,000
over 1,000,000	-----	74,360	20.02%	1,000,000

Tax Table for Estates of Decedents Dying During 2005

Class AA. Exempt				
Class A. Exempt				
Class B. Exempt				
Class C. (Total exemption for class (\$1,500,000) is included in table)				
If net taxable amount passing to Class C is at least:	but is less than or equal to:	the tax is the sum of:	plus the following %:	of the amount exceeding:
\$0	\$1,500,000	\$0	-----	-----
over 1,500,000	-----	0	20.02%	1,500,000

Tax Table for Estates of Decedents Dying During 2006

Class AA. Exempt				
Class A. Exempt				
Class B. Exempt				
Class C. Exempt				

Effect on Other Documents: This Special Notice modifies and supersedes the tax tables that were published in **Special Notice 95(18)**, *1995 Legislative Changes Affecting the Succession and Transfer Taxes and the Estate Tax*, for estates of decedents dying during 2002 or thereafter. **Special Notice 95(18)** is modified and superseded, and to that extent, it may not be relied upon on or after the date of issuance of this Special Notice.

Effect of This Document: A Special Notice is a document that announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS and may be referred to for general guidance by taxpayers or tax practitioners.

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Succession Tax
Succession Tax Legislative Changes
Issued: 12/26/2001

For Further Information: Please call the DRS Inheritance/Estate Tax Section at **860-297-5737** during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday.

Forms and Publications: Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
 - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
 - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.
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